

Message Text

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SUBJECT: US BUSINESS VISITORS TO CHINA IN APRIL

1. SUMMARY. ALTHOUGH THE CENTER OF US-CHINA BUSINEU
ACTIVITY IN APRIL WAS IN CANTON WHERE OVER 100 US FIRMS
ATTENDED THE FIRST TEN DAYS OF THE 39TH CHINESE EXPORT
COMMODITIES FAIR (PEKING 756), A NUMBER OF IMPORTANT
AMERICAN COMPANIES ALSO HAD REPRESENTATIVES IN PEKING.
MOST PROMINENT WAS A DELEGATION JFROM THE CHICAGO BASED
MID-AMERICA COMMITTEE WHICH INCLUDED TOP EXECUTIVES
FROM SUCH MAJOR FIRMS AS JOHN DEERE, INTERNATIONAL
HARVESTER, PARKER PEN, STANDARD OIL OF INDIANA, AND
QUAKER OATS.

2. AMONG US EXPORTERS, A TEAM FROM THE HUNTER ENGINEER-

ING COMPANY CONCLUDED A \$1.3 MILLION SALE OF ALUMINUM
PROCESSING EQUIPMENT WHILE DELEGATIONS FROM STEWART
AND STEVENSON AND DRESSER CONTINUED NEGOTIATIONS ON
THE SALE OF OIL FIELD EWUIPMENT AND COMPRESSORS. IM-
PORTERS WERE REPRESENTED BY THE SUMMIT MACHINE TOOL
COMPANY WHICH PURCHASED CHINESE LATHES, TEA BUYERS
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FROM THOMAS J. LIPTON, INC. AND PVO WHICH HAS SIGNED

A ONE -YEAR CONTRACT TO IMPORT TUNG OIL FROM CHINA.
END SUMMARY

3. MID-AMERICA COMMITTEE (CHICAGO). A FIFTEEN MEMBER DELEGATION FROM THIS CHICAGO-BASED BUSINESSMEN'S ASSOCIATION VISITED CHINA FROM APRIL 5-17 AT THE INVITATION OF THE CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE (CCPIT). LED BY ITS PRESIDENT, THOMAS MINER, THE GROUP INCLUDED TOP EXECUTIVES FROM SUCH FIRMS AS JOHN DEERE, INTERNATIONAL HARVESTER, INTERNATIONAL MINERALS AND CHEMICALS, QUAKER OATS, PARKER PEN, STANDARD OIL OF INDIANA, AND ARTHUR ANDERSON.

4. ALTHOUGH THE COMMITTEE HAD BEEN WARNED TO EXPECT MORE SIGHTSEEING THAN SUBSTANCE, MOST MEMBERS WERE EXTREMELY UNHAPPY OVER CCPIT'S FAILURE TO PROVIDE ADEQUATE TIME FOR MEETINGS WITH CHINESE FOREIGN TRADE CORPORATIONS (FTC). IN PEKING THE DELEGATION WAS LIMITED TO ONE HOUR GROUP SESSIONS WITH FTC REPRESENTATIVES IN WHICH THE PRESENCE OF SUCH DIRECT COMPETITORS AS DEERE AND HARVESTER MADE SERIOUS DISCUSSIONS IMPRACTICAL. UPON ARRIVING HALF-A-DAY LATE IN CANTON, THE CHICAGOANS WERE TOLD THAT, UNFORTUNATELY, THEY HAD MISSED THEIR APPOINTMENTS WITH FTC DELEGATIONS AT THE FAIR, AND THE REMAINDER OF THEIR PROGRAM WOULD INCLUDE A TOUR OF THE CITY WITH DEPARTURE THE FOLLOWING MORNING. THE COMMITTEE WAS ALSO PUT OFF BY A CCPIT DEMAND, MADE IN PEKING ON 24 HOUR NOTICE, THAT EACH MEMBER PRESENT A PAPER ON THE US ECONOMY TO AN AUDIENCE OF MIDDLE-RANKING FTC OFFICIALS.

5. HUNTER ENGINEERING COMPANY (RIVERSIDE, CALIFORNIA). ON THEIR SECOND VISIT TO PEKING, VICE PRESIDENT CURT BRAUN AND TWO ASSOCIATES SPENT NEARLY TWO MONTHS BEFORE CONCLUDING THE SALE OF \$1.3 MILLION ALLUMINUM SHEET CONTINUOUS CASTING MACHINERY TO THE CHINA NATIONAL MACHINERY CORPORATION (MACHIMPEX). HUNTER PRODUCES COMPLETE PLANTS FOR MANUFACTURING LIMITED OFFICIAL USE

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SHEET AND FOIL ALUMINUM PRODUCTS NORMALLY VALUED AT 15-25 MILLION, AND THE SALE OF THIS SINGLE PIECE OF EQUIPMENT WAS ONE OF THE SMALLEST EVER MADE BY THE COMPANY. NEVERTHELESS, THE CHINESE PUT BRAUN AND HIS COLLEAGUES THROUGH A GRUELING SERIES OF NEGOTIATIONS BEFORE AGREEING TO THE SMALLER PURCHASES AT A BETTER THAN SEVEN PERCENT DISCOUNT.

6. SUMMIT MACHINE TOOL MANUFACTURING, INC. (OKLAHOMA CITY). PRESIDENT DON EDELSON VISITED PEKING IN EARLY APRIL FOR DISCUSSIONS WITH MACHIMPEX ON HIS STANDING ORDER FOR 200 MACHINE TOOLS. EDELSON SAID HE HAD ALREADY TAKEN DELIVERY OF ABOUT 30 SMALL CHINESE LATHES AND HIS CUSTOMERS WERE SATISFIED WITH THE PERFORMANCE OF THE MACHINES, MOST OF WHICH WILL BE RE-EXPORTED.

7. STEWART AND STEVENSON SERVICES (HOUSTON). ON HIS THIRD VISIT TO PEKING, VICE PRESIDENT J. CARSEY MANNING SPENT NEARLY A MONTH NEGOTIATING WITH THE CHINA NATIONAL TECHNICAL IMPORT CORPORATION ON NEW SALES OF OIL FIELD EQUIPMENT. DURING ITS PREVIOUS VISIT IN AUGUST 1975. STEWART AND STEVENSON SOLD \$6 MILLION IN HIGH PRESSURE PUMPS FOR FRACTURING OIL WELLS. MANNING WAS PREPARED TO CONCLUDE BUSINESS BY LATE APRIL, BUT THE CHINESE HAVE RAISED NEW CONDITIONS AND HE NOW PLANS TO REMAIN IN PEKING UNTIL MID-MAY.

8. THOMAS J. LIPTON, INC. (NEW JERSEY). BOARD CHAIRMAN W. GARDNER BARKER AND REPRESENTATIVE NOBLE FLEMING VISITED PEKING, SHANGHAI AND THE CANTON TRADE FAIR FOR TALKS WITH THE CHINA NATIONAL NATIVE PRODUCE CORPORATION. ACCORDING TO GARDNER, METHODS CURRENTLY USED BY THE CHINESE FOR PACKAGING AND STORING TEA RESULT IN CONSIDERABLE DETERIORATION AND HE HOPED TO CONVINCE NATIVE PRODUCE TO ADOPT NEW PROCEDURES TO ENSURE FRESHNESSBM LIPTON HAS BEEN IMPORTING ABOUT \$1 MILLION IN TEA FROM CHINA EACH YEAR AND ON THIS TRIP GARDNER SIGNED A NEW CONTRACT FOR \$300,000 IN SHANGHAI.

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9. RCA (NEW YORK). REPRESENTATIVES NEWMAN AND POWERS CAME TO PEKING TO TRAIN CHINESE TECHNICIANS IN OPERATING A QUADRAPLEX VIDEO-RECORDER SOLD LAST FALL. THE RCM MEN WERE IMPRESSED WITH THE ABILITY OF THEIR CHINESE COUNTERPARTS, SEVERAL OF WHOM CAME FROM WUHAN WHERE NEWMAN EXPECTS THE EQUIPMENT TO BE LOCATED. DURING THEIR STAY, NEWMAN AND POWERS ALSO DISCUSSED THE PURCHASE OF A COMMUNICATIONS SATELLITE WITH MACHIMPEX, BUT THE CHINESE CLAIMED THEY WOULD WANT TO LAUNCH IT IN CHINA.

10. PVO INTERNATIONAL, INC. (SAN FRANCISCO). VICE PRESIDENT J.W. KARSON AND CONSULTANT LUN WONG ATTENDED THE CANTON TRADE FAIR TO INQUIRE ABOUT

CHINESE FAILURE TO MAKE DELIVERIES ON A \$2.5 MILLION CONTRACT FOR TUNG OIL SIGNED IN PEKING IN DECEMBER 1975. THE CONTRACT PROVIDES FOR SHIPMENT OF A TOTAL ON 4,000 TONS AT REGULAR INTERVALS DURING 1976 WITH AN OPTION TO BUY AN ADDITIONAL 2,000 TONS. IF THE CHINESE DELIVER THE FULL 6,000 TONS THE VALUE OF THE DEAL COULD INCREASE TO \$3.5 MILLION.

11. DRESSER INDUSTRIES (DALLAS). AFTER NEARLY TWO MONTHS IN PEKING, SENIOR VICE PRESIDENT JACK MURPHY TOLD USLO HE SAW LITTLE CHANCE OF CONCLUDING DRESSER'S CURRENT NEGOTIATIONS WITH TECHIMPORT BEFORE MID-MAY. DRESSER IS ATTEMPTING TO SELL TECHNOLOGY FOR THE MANUFACTURE OF LARGE CENTRIFUGAL COMPRESSORS USED IN THE PRODUCTION OF AMMONIA AND OTHER PETRO-CHEMICAL PRODUCTS. NO SALE OF EQUIPMENT IS CONTEMPLATED, BUT THE DEAL WOULD INVOLVE A TRAINING PROGRAM FOR CHINESE TECHNICIANS AT A DRESSER PLANT IN THE U.S.

12. DREYFUS CORPORATION (NEW YORK). DURING A ROUTINE VISIT TO RENEW CONTACTS WITH THE CHINA NATIONAL CEREALS OILS AND FOODSTUFF CORPORATION, REPRESENTATIVE MARCEL MARCOT CALLED ON USLO IN LATE APRIL BEFORE GOING ON TO ATTEND THE CANTON TRADE FAIR. ACCORDING TO MARCOT, THE CHINESE SHOWED NO INTEREST IN ADDITIONAL GRAIN, SOYBEAN, OR COTTON PURCHASES LIMITED OFFICIAL USE

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THIS YEAR AND MOST OF HIS TIME IN PEKING WAS SPENT DISCUSSING OLD CLAIMS ARISING OUT OF THE TCK WHEAT SMUT INCIDENT WITH THE CHINA NATIONAL CHARTERING CORPORATION.

13. M.W. KELLOGG (TEXAS). THE PRC HAS SELECTED THE SITE FOR THE EIGHTH KELLOGG AMMONIA PLANT NEAR YUEHYANG, HUNAN, ON THE YANGTZE AND THE PEKING-CANTON RAIL LINE. JUST PRIOR TO HIS DEPARTURE APRIL 28, PROJECT MANAGER BILL HILL SIGNED A CONTRACT WITH THE PRC FOR ADDITIONAL SPARE PARTS FOR THE EIGHT FACTORIES.

14. INFORMATION CONTAINED IN THIS REPORT IS COMMERCIALY SENSITIVE AND SHOULD NOT BE DISCUSSED OUTSIDE THE USG. THAYER

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